



FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS

## INMOBILIARIA COLONIAL, SOCIMI, S.A.

### ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2019)

#### REPORT BY THE BOARD OF DIRECTORS OF INMOBILIARIA COLONIAL, SOCIMI, S.A. ON THE PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS (ITEM EIGHTH -8.1., 8.2., 8.3. and 8.4.- OF THE AGENDA).

##### 1. PURPOSE OF THE REPORT

Pursuant to the revised text of the Spanish Limited Liability Companies Law passed by Royal Legislative Decree 1/2010 of 2 July (the "**Spanish Limited Liability Companies Law**"), the motion to appoint or reelect the members of the Board of Directors will come from the Appointments and Remuneration Committee in the case of independent Directors and from the Board itself in all other cases.

Subject to the Spanish Limited Liability Companies Law, the Appointments and Remuneration Committee of Inmobiliaria Colonial, SOCIMI, S.A. ("**Colonial**" or the "**Company**") has agreed to present before the Board of Directors, to then be put to the vote of the Ordinary General Meeting of Shareholders, a proposed resolution to ratify and appoint independent Directors for a statutory four-year period, based on the *Selection and Diversity Policy* of Colonial of February 2019 published on Colonial's website.

In accordance with Article 529 decies of the Spanish Limited Liability Companies Law, the proposed resolution to appoint or reelect members of the Board of Directors should always be accompanied by a report from the Board of Directors assessing the competencies, experience and merits of the candidate. For such purposes, we have prepared the following report (the "**Report**").

##### 2. REASONS BEHIND THE PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS

Colonial's Board of Directors, based on the report prepared by the Appointments and Remuneration Committee on 30 April 2019 regarding the proposed resolutions to ratify and appoint Directors attached as **Appendix I**, has agreed to put to the vote of the Ordinary General Meeting of Shareholders the proposed resolution to ratify and appoint Ms Silvia Mónica Alonso-Castrillo Allain and to appoint Ms Ana Peralta Moreno and Ms Ana Bolado Valle, all of them with independent Directors status for the statutory 4-year period.

To this end, the Company's Board of Directors adopts as its own the aforementioned report prepared by the Appointments and Remuneration Committee, which is also available to the Company's shareholders on Colonial's website and at its registered office (Paseo de la Castellana, 52, 28046 Madrid).

In addition, the Board of Directors of the Company agrees to submit to the Ordinary General Shareholders' Meeting of Colonial, as a separate item on the agenda, a waiver of the obligation not to carry out activities that entail effective competition with Colonial to Ms. Ana Bolado Valle, all in accordance with the provisions of Article 230 of the Spanish Limited Liability Companies Law. Although it cannot be considered that, as of today, this Director, whose appointment is proposed, is carrying out, directly or indirectly, as a consequence of the exercise of her position as Director in Metrovacesa, S.A., an activity that places her in a situation of permanent conflict with the interests of

the Company, this resolution is intended to avoid any risk of not complying with the terms of the Spanish Limited Liability Companies Law to the extent that it could be understood that there is a “potential” competition scenario, since in the current situation no harm can be expected for the Company and bearing in mind that its incorporation into the Board of Directors of Colonial is in the interest of the Company.

Notwithstanding the above and as a result of all of the foregoing, Colonial’s Board of Directors considers that Ms Silvia Mónica Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle have the necessary knowledge, skills and competencies, as well as the required experience and merits and embody the good professional standing, suitability, solvency, availability and engagement expected for the role, with a view to proposing their ratification and appointment as members of the Board of Directors at the Ordinary General Meeting of Shareholders for the statutory four-year period and with independent Director status considering their personal and professional circumstances in accordance with Article 529 duodecies of the Spanish Limited Liability Companies Law.

**PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS OF INMOBILIARIA COLONIAL SOCIMI, S.A. (ITEM EIGHTH -8.1., 8.2., 8.3. AND 8.4.- ON THE AGENDA).**

***Eighth.- Ratification and appointment of Directors.***

**8.1. Ratification and appointment of Ms Silvia Mónica Alonso-Castrillo Allain as Director of Inmobiliaria Colonial, SOCIMI, S.A. with independent Director status.**

At the proposal of the Appointments and Remuneration Committee and supported by the Board of Directors' report, the shareholders agree to ratify and appoint Ms Silvia Mónica Alonso-Castrillo Allain as Director of Inmobiliaria Colonial, SOCIMI, S.A. with independent Director status, for the 4-year statutory period that starts on the adoption of this resolution.

**8.2. Appointment of Ms Ana Peralta Moreno as Director of Inmobiliaria Colonial, SOCIMI, S.A. with independent Director status.**

The shareholders resolve, at the proposal of the Appointments and Remuneration Committee and supported by the Board of Directors' report, to appoint Ms Ana Peralta Moreno as a Director of Inmobiliaria Colonial, SOCIMI, S.A., with independent Director status, for the 4-year statutory period that starts on the adoption of this resolution.

**8.3. Waiver of the obligation not to carry out activities involving effective competition with Inmobiliaria Colonial, SOCIMI, S.A. in accordance with the provisions of Article 230 of the Spanish Limited Liability Companies Law.**

Ms Ana Bolado Valle, whose appointment as Director of Inmobiliaria Colonial, SOCIMI, S.A. (the "**Company**" or "**Colonial**") is submitted for the approval of the General Shareholders' Meeting, is Director of Metrovacesa, S.A. with the qualification of proprietary Director appointed at the proposal of Banco Santander, S.A.

Metrovacesa, S.A. is a company that, like the Company, develops its activity in the real estate sector. Notwithstanding the foregoing, it cannot be considered that, as of today, this Director, whose appointment is proposed, is carrying out, directly or indirectly, as a consequence of the exercise of her position as Director in Metrovacesa, S.A., an activity that places her in a situation of permanent conflict with the interests of the Company. However, to the extent that it could be understood that there is a "potential" competition scenario, since in the current situation no harm can be expected for the Company, and taking into account that her incorporation to the Board of Directors of Colonial is of interest for the Company, it is agreed, in accordance with the provisions of article 230 of the Spanish Limited Liability Companies Law, to exempt and, therefore, to allow Ms. Ana Bolado Valle to exercise the position of member of the Board of Directors of Metrovacesa, S.A.

**8.4. Appointment of Ms Ana Bolado Valle as Director of Inmobiliaria Colonial, SOCIMI, S.A. with independent Director status.**

The shareholders resolve, at the proposal of the Appointments and Remuneration Committee and supported by the Board of Directors' report, to appoint Ms Ana Bolado Valle as a Director of Inmobiliaria Colonial, SOCIMI, S.A., with independent Director status, for the 4-year statutory period that starts on the adoption of this resolution.

\* \* \* \*

This report was prepared and approved by Colonial's Board of Directors at a meeting held on 30 April 2019.

**Appendix I**

**REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS (ITEM EIGHTH -8.1., 8.2., 8.3. AND 8.4.- ON THE AGENDA).**



FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS

**INMOBILIARIA COLONIAL, SOCIMI, S.A.**

**ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2019)**

**REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS (ITEM EIGHTH -8.1., 8.2., 8.3. AND 8.4.- ON THE AGENDA).**

**1. PURPOSE OF THE REPORT**

Pursuant to the revised text of the Spanish Limited Liability Companies Law passed by Royal Legislative Decree 1/2010 of 2 July (the "**Spanish Limited Liability Companies Law**"), the proposed resolution to appoint or re-elect the members of the Board of Directors will come from the Appointments and Remuneration Committee in the case of independent Directors and from the Board itself in all other cases.

Subject to the Spanish Limited Liability Companies Law, the Appointments and Remuneration Committee of Inmobiliaria Colonial, SOCIMI, S.A. ("**Colonial**" or the "**Company**") has agreed to present before the Board of Directors, to then be put to the vote of the Ordinary General Meeting of Shareholders, the proposed resolutions to ratify and appoint independent Directors referred to in this report (the "**Report**") for a statutory four-year period, based on the *Selection and Diversity Policy* of Colonial of February 2019 (the "**Selection and Diversity Policy**") published on Colonial's website. For this reason, the Appointments and Remuneration Committee has prepared the Report.

**2. PROCEDURE TO DETERMINE THE PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS.**

With a view to determining the candidates proposed herein for their ratification and appointment as Directors, the Committee analysed the current composition of the Board of Directors, its needs and the Company's shareholding. The Appointments and Remuneration Committee also appraised the conditions expected from the Directors for their role and the level of engagement required to fulfil their duties effectively; all this in line with the Company's Selection and Diversity Policy.

The candidate selection process was free of discrimination and was governed by the principle that each candidate is to be assessed for their merits and competencies, always seeking the most suitable candidates. In this regard, the Committee sought people who had the required qualifications and a good professional and personal standing, as well as the appropriate skills, as set forth in the Selection and Diversity Policy. Moreover, the Appointments and Remuneration Committee ensured that the process involved in selecting its members fostered diversity in their knowledge and experience, education, age, disability and gender, and is not implicitly biased in any way that could lead to discrimination and, especially, would help select female Directors.

The Appointments and Remuneration Committee also checked that the candidates met the legal requirements about independence, the recommendations on such requirements applicable to listed companies, the Company's internal rules (Company Bylaws and Regulations) and the national and international standards.

In order to find suitable candidates to be ratified and appointed as Directors, the Appointments and Remuneration Committee relied on external advice from Seeliger y Conde.

### 3. PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS

As a result of the aforementioned process, Colonial's Appointments and Remuneration Committee agreed to present their proposed resolution before the Board of Directors, which would then put it to the vote of the Ordinary General Meeting of Shareholders, and thereby proposed to ratify and appoint Ms Silvia Mónica Alonso-Castrillo Allain and to appoint Ms Ana Peralta Moreno and Ms Ana Bolado Valle, all of them with independent Director status for the statutory four-year period.

#### 3.1. Ratification and appointment of Ms Silvia Mónica Alonso-Castrillo Allain

Upon the resignation of independent Director Ms Ana Sainz de Vicuña on 24 January 2019, the Board of Directors, with a view to filling in the vacancy, co-opted Ms Silvia Mónica Alonso-Castrillo Allain as an independent Director of the Company on that same date.

The Appointments and Remuneration Committee has assessed the experience, education and professional profile, as well as the merits and competencies of Ms Silvia Mónica Alonso-Castrillo Allain based on the following:

- Ms Silvia Mónica Alonso-Castrillo has held a number of leadership jobs throughout her career, proving that she has the necessary competencies and merits to perform an adequate and prudent role in helping run the Company.
- Also, since she was co-opted as Director for Colonial Ms Silvia Mónica Alonso-Castrillo has shown her competence in helping run the Company and that she has the knowledge, skills and experience required to carry out the functions assigned to her.
- *Academic profile and career:*

Ms Alonso-Castrillo has a degree in Political Sciences by the Sciences Po University (Paris) and a Master's Degree in Spanish and Latin American Studies by the Paris-Sorbonne University. She became a teacher of Spanish studies in a state school by civil service examination. She then completed her PhD in Spanish studies at the Paris-Sorbonne University.

Besides working as a guest lecturer for other universities, she was a professor of Spanish studies at the Lycée Rochambeau (Washington DC) and the Toulouse University. She has published several papers.

Ms Alonso-Castrillo worked for the French Embassy in Singapore where she was regional manager of INSEAD. She was the Asian representative at the European College in Toulouse. From 2000 to 2014, she was the manager of international development and fundraising for the ESSEC Business School.

She has sat on the Board of Koiki, S.L. and the College des Bernardins (Paris) as well as on the Executive Committee of the Fondation pour les Sciences Sociales (Paris). In 2007, she founded the political consultancy firm Sociedad de Estudios Hispano Franceses (Society of Spanish-French Studies) and has been leading it ever since. Since 2013, Ms Alonso-Castrillo has been in charge of the family estate in the Loire Valley (France). She has been a member of the Board of Directors of Société Foncière Lyonnaise since 2017.

### 3.2. Appointment of Ms Ana Peralta Moreno

The Appointments and Remuneration Committee has assessed the experience, education and professional profile, as well as the merits and competencies of Ms Ana Peralta Moreno based on the following:

- Ms Ana Peralta Moreno has held a number of leadership jobs throughout her career, showing her competencies and merits in helping run the Company adequately and prudently.
- *Academic profile and career:*

Ms Ana Peralta is currently an independent director of BBVA and of GREENERGY RENOVABLES, S.A., a renewable energy company listed on the MAB index, where she chairs the Audit Committee.

She has extensive experience in the financial sector. She began her professional career with Bankinter in 1990, where she worked in extremely different areas until late 2008. She headed up Bankinter's first Internet Office and ran the Chairman's Office. During her last years at the Bank she was Chief Risk Officer and a member of the Management Committee.

From 2009 to 2012 she sat on the Management Committee at Banco Pastor, where she worked as General Manager of Risk.

From 2012 to 2018 Ms Ana Peralta divided her time between a post as Senior Advisor with Oliver Wyman Financial Services and was a member of several boards of directors. She was an independent director at Banco Etcheverría, at Deutsche Bank, SAE and also at Lar Holding Residencial.

She holds a degree in Economics and Business Administration from the Madrid Complutense University and a Master's Degree in Financial Management from CEF (1991), and studied the PMD Programme (Program for Management Development) at Harvard Business School (2002) and the PADE programme at the IESE business school (2016).

### 3.3. Appointment of Ms Ana Bolado Valle

The Appointments and Remuneration Committee has assessed the experience, education and professional profile, as well as the merits and competencies of Ms Ana Bolado Valle based on the following:

- Ms Ana Bolado Valle has held a number of leadership jobs throughout her career, showing her competencies and merits in helping run the Company adequately and prudently.
- *Academic profile and career:*

She holds a degree in Pharmacy from the Madrid Complutense University, and also a Master's Degree in Business Administration (MBA) from IE Business School.

In the course of her professional career, Ms Ana Bolado Valle worked in several managing posts at Banco Santander Group (1986-2017), managing important wholesale and retail business areas, digital transformation projects and key areas for the Group such as the Corporate Direction of the Human Resources Department between 2005 and 2010.

Currently, Ms Ana Bolado Valle is proprietary director at Metrovacesa, S.A., where she was appointed at the behest of Banco Santander, S.A., and independent director at Parques Reunidos Servicios Centrales, S.A. and Unicaja Banco, S.A. At Parques Reunidos Servicios



Centrales, S.A. she also chairs the Appointments and Remunerations Committee, and sits on the Audit Committee. At Unicaja Banco, S.A. she also chairs the Appointments Committee, and is a member of the Risk Committee and of the Remunerations Committee. Additionally, Ms Ana Bolado Valle is a member of the Advisory Board of Fellow Funders, an equity crowdfunding platform to boost funding for start-ups and SMEs as well as member of the Directors and Administrators Institute (*Instituto de Consejeros y Administradores – ICA*) and of Women Corporate Directors.

#### **4. REASONS BEHIND THE PROPOSED RESOLUTIONS TO RATIFY AND APPOINT DIRECTORS**

The Appointments and Remuneration Committee considers that the qualifications and career of Ms Silvia Mónica Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle, as described in the previous section, prove that they have sufficient and extensive knowledge and experience to be ratified and appointed as Directors of the Company, with independent Director status in view of their personal and professional circumstances subject to Article 529 duodecies of the Spanish Limited Liability Companies Law, being able to fulfil their role without the influence of a relationship with the Company or its group, its significant shareholders or its executives.

Also, the ratification and appointment of Ms Silvia Mónica Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle contribute to meet the goal of the Selection and Diversity Policy in terms of gender diversity on the Board of Directors that aims to increase the number of women on the Board of Directors in the next few years.

According to the information provided in the section above, the Committee deems that Ms Silvia Mónica Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle are able to devote sufficient time to perform their role efficiently.

On the other hand, the Appointments and Remuneration Committee also considers that Ms Silvia Mónica Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle are able to support the good governance of the Company. In this regard, and without prejudice to the following, there are no circumstances that would lead to a constant or structural conflict of these persons with the interests of the Company or that would prevent them from devoting sufficient time to their role.

Ms Ana Bolado Valle is currently Director of Metrovacesa, S.A., with the status of proprietary Director, appointed at the proposal of Banco Santander, S.A.

In accordance with the provisions of article 229 of the Spanish Limited Liability Companies Law, directors must refrain from engaging in activities on their own or on behalf of others which involve effective competition, whether actual or potential, with the company or that, in any other way, places him or her in a situation of permanent conflict with the interests of the company. Meanwhile, article 230.3 of the Spanish Limited Liability Companies Law allows the General Meeting to exempt the director from said prohibition in the event that no harm to the company can be expected or that the harm which may be expected is offset by the benefits expected to be obtained by the waiver.

Metrovacesa, S.A. is a company that, like the Company, develops its activity in the real estate sector. Notwithstanding the foregoing, it cannot be considered that, as of today, this Director, whose appointment is proposed, is carrying out, directly or indirectly, as a consequence of the exercise of her position as Director in Metrovacesa, S.A., an activity that places her in a situation of permanent conflict with the interests of the Company. In this regard, currently, the main activity of Metrovacesa, S.A. is

focused on residential properties (residential developments) located in a plurality of provinces of Spain. To the contrary, Colonial's strategy is focused on the business of rental assets in the segment of quality offices, mainly located in the business districts of Madrid, Barcelona and Paris. In addition, Metrovacesa, S.A. is not subject to the special tax regime for listed investment companies in the real estate market (SOCIMI). However, to the extent that it could be understood that there is a "potential" competition scenario, since in the current situation no harm can be expected for the Company, and taking into account that her incorporation to the Board of Directors of Colonial is of interest for the Company, the Appointments and Remuneration Committee considers appropriate for the Board of Directors to submit to Ordinary Shareholders' Meeting of Colonial, a waiver resolution with the purpose of allowing Mr Ana Bolado Valle the exercise of the position of member of Metrovacesa, S.A. Board of Directors.

Therefore, the Appointments and Remuneration Committee considers that Ms Silvia Mónica Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle have the necessary knowledge, skills and competencies, as well as the required experience and merits and embody the good professional standing, suitability, solvency, availability and engagement expected for the role, with a view to proposing their ratification and appointment as members of Colonial's Board of Directors at the Ordinary General Meeting of Shareholders for the statutory four-year period and with independent Director status.

\* \* \* \*

This report was drawn up and approved by the Appointments and Remuneration Committee at a meeting on 30 April 2019.